

# **Town of Milton**

**115 Federal St**

**Milton, DE 19968**

**January 26, 2013**

## **Memorandum**

**To: Mayor Newlands and Town Council**

**From: Win Abbott, Town Manager**

**Re: Shipbuilders Village Community Center and adjacent lots**



**www.ci.milton.de.us**

**Phone: 302-684-4110**

**Fax: 302-684-8999**

Artisans Bank has proposed that the Town of Milton consider the purchase of the Shipbuilders Village Community Center and surrounding lots. Please consider a response to this proposal.

On July 2, 2012 the subject was an item on the Council meeting agenda. After some discussion, it was requested that an appraisal be secured and that the Council meet at the site of the Community Center. This meeting occurred on August 16, 2012. On the same date, a verbal appraisal of value was provided. This was followed by the detailed appraisal, in writing, the next day.

The fair market value of \$215,000 was based upon the highest and best use of the property – which is residential development. The rationale used to determine this value is detailed on an attached page. It contemplates the resale of seven lots in a “vacant and available” condition. The lots are valued at approximately \$38,000 each and the net value includes a \$50,000 deduction for demolition costs.

A second appraisal was ordered to determine the value of the property if it were used for a special purpose. On August 27, 2012, a “special use value” of \$295,000 was determined. This value was based upon the hypothetical condition that the building was renovated into a “move in” condition. In order to ascertain a net purchase price, an inspection of the building and estimate of the expense of renovation was required. The “Summary of Important Facts and Conclusions” for this appraisal is attached.

On October 8, 2012, an inspection report was provided by Baker, Ingram and Associates (structural engineers). The report included photographs and descriptions of damage to the central girder and related structural components.

An unsolicited estimate of the cost of renovation (dated 11/23/12) was presented to the Town Council at the December 3, 2012 Council meeting. This estimate, offered by Cross Cut Construction of Lewes, Delaware, briefly described eight components of the renovation and an estimated cost of \$60,000. The Town Council requested that a more detailed estimate be provided.

Research by the Town Manager and an on-site meeting with a representative of the State Fire Marshall’s office (12/12/12) followed. RFP 2012-04 was written, posted on the Town Website and advertised in the both the Cape Gazette and the Delaware State News (12/23/12). An on-site meeting of potential bidders was held on January 17, 2013 and bids were due by 4:30 p.m. on January 25, 2013.

The bid tabulation is attached. If the Town Council has determined that the purchase of the Shipbuilders Community Center and adjacent properties is in the best interest of the citizens, then subtracting the highest bid cost from the special purpose value would provide a rational basis for an initial offer. This would be  $\$295,000 - \$136,000 = \$159,000$ . A lesser cost for renovation would enable the town to recover costs for inspection, appraisal, construction management and any “change orders” for the yet to be determined end use of the building. Cash flow to meet terms of payment is not considered in this report. Finally, bidders should be notified of the town’s intent in a timely manner.

**Improvements / Demolition Costs**

Adjustment are necessary to reflect the costs to get the site to a "vacant and available" state. The estimate includes demolition of the community center and removal of the parking lot and tennis court. Based upon conversations with a local demolition company, the demolition is estimated to cost \$50,000. This adjustment will be deducted from the total value of the lots derived below.

ADJUSTMENTS					
	Artisans' Bank	Dudrow-Ferrie	Wolhar	White	Cave Const.
Price	?	\$42,500	\$40,000	\$41,900	\$51,500
Property Rights	Fee Simple	0%	0%	0%	0%
Cond. of Sale	Normal	0%	0%	0%	0%
Financing	Cash	0%	0%	0%	0%
Adjusted Price	?	\$42,500	\$40,000	\$41,900	\$51,500
Time (Yrs)		0.08	0.33	0.42	0.33
Time Adj. \$	0.00%	\$0	\$0	\$0	\$0
Adj. \$/Unit	?	\$42,500	\$40,000	\$41,900	\$51,500
Location	Milton	Milton	Milton	Milton	Milton
		Equivalent	Equivalent	Equivalent	Superior
		\$0	\$0	\$0	-\$5,000
Size (Ac)	.27-.44	0.55	0.62	0.24	0.48
		Equivalent	Equivalent	Equivalent	Equivalent
		\$0	\$0	\$0	\$0
Size (# of Lots)	7 Lots	1 Lot	1 Lot	1 Lot	1 Lot
		Superior	Superior	Superior	Superior
		-\$4,250	-\$4,000	-\$4,190	-\$5,150
Net Adj.		-10%	-10%	-10%	-20%
Ind. \$/Lot	\$38,000	\$38,250	\$36,000	\$37,710	\$41,350

The adjusted range of values for the vacant lots is \$37,710. to \$41,350, rounded. Each of the four comparables exerts influence on the value of the appraised property, however, I believe Comparables #1&3 exerts the most influence, and it is my opinion then that the value of each lot, as vacant, is \$38,000., rounded. This rate, then needs to be applied to the seven subject lots. So for the seven subject residential lots, the total value is estimated to be \$266,000. or say \$265,000., rounded, in as vacant condition. In order to arrive at the as is value, this value then needs to be reduced by the estimated cost to get the site to a "vacant and available" state. As described at the top of this page, the demolition costs are estimated at \$50,000. Based upon this estimate and the above, the subject property's estimated value is \$215,000. after deducting the demolition costs (\$50,000) from the value of the lots as vacant (\$265,000).

**SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS**

SUBJECT PROPERTY PROPERTY TYPE	Artisans' Bank - Shipbuilders Community Center Improved Community Center	
LOCATION	North Side of Shipbuilders Boulevard, Milton, Broadkill Hundred, Sussex County, Delaware 19968	
TAX MAP #	235-14.00-565.00, 565.01, 565.02, 565.03, 565.04, 565.05, 565.06	
PROPERTY OWNER:	Artisans' Bank	
PROPERTY RIGHTS APPRAISED	Fee Simple Interest	
DATE OF VALUE OPINION	August 16, 2012	
DATE OF REPORT	August 27, 2012	
HIGHEST AND BEST USE	Available for Residential Use	
As Though Vacant	Residential Use	
As Improved	Town Use / Commercial	
SPECIAL USE	Town Use / Commercial	
SITE DESCRIPTION -	<b><u>Parcel 565.00</u></b>	0.4422 Ac; 80.50 +/- Ft Fronting on Shipbuilders Boulevard;
	<b><u>Parcel 565.01</u></b>	0.2739 Ac; 75.56 +/- Ft Fronting on Mulberry Street;
	<b><u>Parcel 565.02</u></b>	0.2716 Ac; 75 +/- Ft Fronting on Mulberry Street;
	<b><u>Parcel 565.03</u></b>	0.2865 Ac; 74 +/- Ft Fronting on Mulberry Street; 149.24 +/- Ft Fronting on Shipbuilders Blvd
	<b><u>Parcel 565.04</u></b>	0.4397 Ac; 82.50 +/- Ft Fronting on Shipbuilders Boulevard;
	<b><u>Parcel 565.05</u></b>	0.4006 Ac; 75 +/- Ft Fronting on Shipbuilders Boulevard;
	<b><u>Parcel 565.06</u></b>	0.3300 Ac; 74 +/- Ft Fronting on Shipbuilders Boulevard; On Site Utilities
IMPROVEMENTS DESCRIPTION	2,048 SF Building w/ Parking Lot	
ZONING	R1, Single Family Residential Use District Town of Milton Comprehensive Zoning Ordinance, Legal, Non-Conforming Use	
FLOOD ZONE:	Map 10005C0165J; 01/06/2005; Zone X	
CENSUS TRACT:	501.01	
HYPOTHETICAL CONDITION / LIMITING CONDITIONS	This report is based upon the hypothetical condition that the subject property has been renovated and is in "move in" condition. This report is also based upon the extraordinary assumption that the subject property can be used for the Town's special uses, which are equivalent to a commercial use for the purposes of this report. Lastly, the scope of the renovation is primarily cosmetic and not structural.	
SPECIAL USE VALUE OPINION - Sales Comparison Estimate	\$295,000	
FINAL ESTIMATE OF VALUE	<b>\$295,000</b>	

# Town of Milton

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Milton, DE 19968



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Phone: 302-684-4110

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## REQUEST FOR PROPOSAL 2012-04

The Town of Milton is accepting proposals from experienced **General Contractors** for the purposes of rehabilitating the community center located at Mulberry Street and Shipbuilders Boulevard in the Town of Milton.

### Project Description

The existing clubhouse building is a one story ranch style building measuring approximately 32 feet by 64 feet. The structure is wood frame construction over a shallow crawl space. Foundation walls are concrete masonry units with interior girder support piers constructed with 16 x 16 masonry units. The roof is framed with pre-fabricated wood trusses. Please refer to the attached drawing for interior dimensions.

Proposals shall be inclusive of all components in the Scope of Work. Proposals that exclude any component of the described work shall be excluded from the evaluation process. Proposals that include components exceeding the minimum standard and the Scope of Work *will* be considered. Qualifications of the General Contractor are an essential aspect of the proposal.

Proposals shall include pricing for each aspect of the project as described under the Scope of Work. The Town of Milton may diminish the Scope of Work at its sole discretion. The Town of Milton reserves the right to reject any and all bids. Prices shall remain in effect for a period of 120 days from the bid due date.

### Scope of Work

**Exterior** – Replace front and side doors and/or door hardware to provide for security and “panic” egress as per State Fire Code. Remove rear sliding glass door and replace with an extension of the wall and a window. Replace vinyl siding, soffit and fascia. Replace exterior lighting components.

**Access/Egress** – All points of entry and egress (steps/ramp, doors, landings, etc.) shall be made to be in conformance with the Americans with Disabilities Act. Railing must be attached or erected for both the ramp and front steps. Existing ramp is 48” in width with 38” between posts. Refer to Appendix A of Part 1191 of the American with Disabilities Act Accessibility Guidelines for Buildings and Facilities (most current edition).

**Foundation/Crawl Space/Floor** – Remove internal flooring. Provide termite extermination and preventative measures in the crawl space. Install a polymer vapor barrier of 6mil thickness on the ground under the crawl space. Each support pier shall be wrapped in a manner that prevents infestation from ground. Sister all floor joists with an additional 2x12 such that there will be a double 2x12 at 16 inches on center spanning 16 feet. Replace the central girder with (4) 1 ¾” x 9 ¼” LVL’s. Install R-30 floor insulation. Insulate pipes. Replace main room flooring with ¾” Oriented Strand Board (OSB).

## **TOWN OF MILTON RFP 2012-04**

### Scope of Work, continued

Interior/Lighting – Replace ceiling tiles and install twenty (20) four foot fluorescent lighting fixtures in central meeting room. Replace incandescent fixtures in bathrooms (2), side hallway and kitchen. Replace carpet in main room with Class 1 Radiant Panel rating commercial carpet and padding specified for high traffic areas. Replace flooring in kitchen, hall and bathrooms with seamless, durable vinyl of neutral color. Remediate any mold on walls. Paint (color scheme to be determined) walls, including trim, door and window frames.

HVAC – Install high efficiency heat pump appropriate for 2,000 – 2,500 sq. ft. living area (Mid-Atlantic climate zone) in a secure outside location. An above-ground pad and security enclosure are required. Install or modify existing ventilation system, as required. Pressure test system and repair leaks, as required. Interior closet with primary duct will be converted to an electronics hub and must be well ventilated. All registers throughout the building to be replaced with appropriately sized and neutral color components. Install programmable thermostat (one zone).

Electrical – Provide electrical inspection of 200 amp service. Replace breaker box cover. Install GFCI outlets in kitchen and two bathrooms. Replace component parts as necessary. Install, repair or replace emergency lighting system, as per State of Delaware Fire Code for meeting places. All work subject to inspection by Town of Milton and other duly authorized inspection agencies.

Plumbing – Install one (1) two basin sink in kitchen, including hot/ cold water service and drain. Install one (1) handicap accessible toilet and sink, with privacy dividers in each of two (2) bathrooms. Install one (1) additional low-flow commercial grade toilet and one (1) additional sink in each of two bathrooms. Install one (1) shower stall and attached changing area, with seating, in each of two (2) bathrooms. Refer to Appendix A of Part 1191 of the American with Disabilities Act Accessibility Guidelines for Buildings and Facilities (most current edition).

Note: Toilet and sink services currently exist. Shower service does not exist in current configuration.

### Interior Dimensions and Notes

See attached drawing.

### Qualifications

- 1) Proposals shall be accompanied with three (3) project descriptions and references that are similar in scope, are located on the Delmarva Peninsula and have been completed in the last five years.
- 2) Proposals shall be accompanied with three (3) years of audited financial statement and a current credit report from Dunn & Bradstreet, or a similar commercial credit rating agency.

### Form

All proposals shall be provided in triplicate, on hard copy (no electronic submissions) and delivered to 115 Federal Street, Milton, DE 19968 before 4:30 pm on January 18, 2013.

### Insurance, Licensing and Performance Bond Requirements

The Town of Milton will review all proposals that meet the criteria detailed in this and the accompanying RFP 2012-04 documents. The vendor selection process will include rating for fidelity to the specified standards, qualifications and pricing. Top-rated vendors may, additionally, be interviewed by the Town Council, or an appointed committee. The selected vendor will be required to hold or secure insurance, licensing and a performance bond (or other security instrument) prior to the execution of any contract. The Town of Milton reserves the right to reject any and all proposals.



# Town of Milton

115 Federal St  
Milton, DE 19968

January 25, 2013



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## BID TABULATION

RFP 2012-04

Shipbuilders Community Center Rehabilitation

<u>General Contractor</u>	<u>Total Price</u>
GGI Builders, Inc. t/a Gillis Gilkerson P.O. Box 282 Salisbury, MD 21803	\$135,700
Joshi Construction Company 2272 Brackenville Road Hockessin, DE 19707	\$101,400
MBM Construction 141A Silverlake Drive Rehoboth Beach, DE 19971	\$ 88,504

*Qualifications of the General Contractor are an essential aspect of the proposal.*

The Town of Milton will review all proposals that meet the criteria detailed in RFP 2012-04 and the documents accompanying it. The vendor selection process will include rating for fidelity to the specified standards, qualifications and pricing. Top-rated vendors may, additionally, be interviewed by the Town Council, or an appointed committee. The selected vendor will be required to hold or secure insurance, licensing and a performance bond (or other security instrument) prior to the execution of any contract. The Town of Milton reserves the right to reject any and all proposals.

The Town of Milton may diminish the Scope of Work at its sole discretion. The Town of Milton reserves the right to reject any and all bids. Prices shall remain in effect for a period of 120 days from the bid due date. The revised bid due date was January 25, 2013.

Contractors will be notified no less than seven days in advance of any meeting to evaluate proposals. A meeting to evaluate proposals has not yet been scheduled.

Wilmer E. Abbott, IV.  
Town Manager